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C O N F I D E N T I A L SECTION 01 OF 02 MADRID 000864

SIPDIS

E.O. 12958: DECL: 03/11/2014

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SUBJECT: SPANISH ELECTIONS: SCENARIOS FOR COALITION

BUILDING AFTER MARCH 14

Classified By: Polcouns Kathleen Fitzpatrick per 1.5 (b) and (d).

Summary

1. (C) Before the March 11 terrorist attacks, the conservative Popular Party and its candidate Mariano Rajoy were slated to win the Spanish elections, but few confidently assessed the PP would win an absolute majority in Parliament.

As part of Embassy Madrid's election reporting plan, we have been developing an alternative scenario analysis to provide Washington readers with some thoughts on what might transpire in Spanish coalition-building processes, including if voters turn months of polling statistics into a Dewey Defeats Truman headline. These alternative scenarios could play themselves out even in the new context created by the terrorist attacks (septel). By law, pollsters had to stop taking and reporting polling data on the elections on March 18. Thus, the polling snapshot on the elections does not take into account the impact of the terrorist attacks.

2. (C) Depending on the election outcome March 14, the PP could form a strong absolute majority-backed government, or a weak, heavily-conditioned, minority government. Should election results go much worse for the PP than polling has indicated, there is the chance of an "All Against the PP" coalition taking over, led by the Socialist party. This "Government of the Left" would likely be unstable and would be strongly opposed to the PP's pro-US orientation and to US Iraq policy. End Summary.

Three Scenarios for a PP-Led Government

3. (C) According to a range of polls (conducted before the polling deadline of March 8) the Popular Party looks set to be the party that gets the most votes on March 14. However, the race is not about a PP plurality, but about whether the PP can obtain a majority sufficient to govern. PP strategists have consistently told us that they hope for, but are by no means sure of, an absolute majority. Lack of an absolute majority means the PP would have to seek coalition partners, something it is in a far worse position than the Socialists to do. Thus, winning the most seats may not be enough. Following are three scenarios that would enable the PP to govern after March 14:

-- Option One: An absolute majority of 176 seats or more. The PP received an absolute majority of 183 seats in 2000. This would give the PP a free hand (and was the main reason Aznar could make such unpopular policy choices as joining forces with the US on Iraq, and survive.)

-- Option Two: Close to an absolute majority, 171-172 seats or more. The PP is confident it can count on the Canary Coalition party for its estimated 4 or 5 seats should the PP fall just short of an absolute majority. This would mean a virtual absolute majority for the PP.

-- Option Three: 164 seats or more. The situation becomes much more complicated. This would require the PP to obtain the support of the moderate Catalan nationalist (CIU) party and its approximately 11 seats. PP strategists believe the PP would be able to negotiate a deal for the CIU's support, but it would be difficult and the resulting PP government would be weak. It might not last a full term. PP strategists point out a fundamental divergence between the PP and CIU: CIU wants to revise the autonomy statute that governs division of powers between Madrid and Catalonia, and the PP believes this is unnecessary. Other Spaniards support such an option and prefer a weak PP government that has to rely on negotiations with partners, rather than a PP with an absolute majority that can do what it wants.

What if the PP Falls Short?

4. (SBU) If the PP does significantly worse than expected on March 14, it would open up the possibility of an alternative scenario: an "all against the PP" coalition. PP candidate Rajoy made a point of stressing this prospect on the campaign trail. In refusing to debate Socialist leader Zapatero one-on-one, Rajoy said that he would only debate if it were against the totality of the anti-PP forces. This includes, apart from the Socialists, the Left Union/Communists (IU), the Catalan Republicans (ERC), and other regional parties, including possibly the Basque Nationalists (PNV). CIU leaders have said publicly that

they are leaving their options open and would not rule out support for such a government.

15. (SBU) Gaspar Llamazares, the IU leader, has been most explicit in his call for a "Government of the Left" to unite to defeat the PP. While Llamazares concedes that the PP appears likely to be the party most voted, he believes that a broad coalition can prevent the PP from forming the next government. Indeed, Llamazares says the goal of the election is to deny the PP a governing majority.

Zapatero's Pledge

16. (SBU) Socialist leader Zapatero has, to the consternation of the IU and others on the left, pledged he would not seek to form a governing coalition unless PSOE is the party most voted. In making this declaration, Zapatero seeks to win over votes from IU and others on the left as he has by stressing that he is a "man of the left." Former President Felipe Gonzalez, speaking in the Socialist heartland of Andalusia on February 29, called on voters from the left to vote for the PSOE, where each marginal vote, because of the seat distribution system, counts for more.

17. (C) Zapatero has also appealed to voters' desire for change and has campaigned hard for the votes of the undecided and those who were thinking of staying home. Polls have shown that about 58% of Spaniards want a change in government. The challenge for Zapatero has been to translate this desire for change into votes for the PSOE. Prior to the cessation of the campaign following the March 11 terrorist attacks, Zapatero appeared to be making inroads with this theme and narrowing his margin with Rajoy.

An "All Against the PP" Coalition?

18. (C) Zapatero has made his pledge repeatedly, so he would find it difficult to break it, even if the opposition to the PP obtains more seats than the PP, and its few allies, can muster. The core of the "All Against the PP" coalition would be a significantly strengthened PSOE, joined by IU (communists) as a junior partner. If the PSOE were to get 150 seats, 25 more than in 2000, and more than estimated in any poll, this would form a workable base. The IU might get nine, the Catalan Republican Nationalist ERC as many as six seats, the Galician Nationalist BNG 3 seats. The Basque Nationalist PNV might lend it support, adding another 7-8 seats. The CIU might, under the right terms, lend its support as well along with their roughly 11 seats. Political observers speculate that, if he could find a way to govern, Zapatero might find a way out of his pledge. Others speculate that Zapatero would keep to his pledge, allow the PP to form a weak minority government, and hope to see that PP government fall and PSOE take over in a much stronger position.

Comment: Impact on US Interests

19. (C) An "All Against the PP" coalition would be inherently unstable. It would also have a foreign policy orientation very different from that of Aznar, Rajoy and the PP. Zapatero has pledged to pull Spanish forces out of Iraq by June 30, 2004 if the mission is not under UN auspices by that date. Zapatero has been relentlessly critical of US Iraq policy, of President Bush, and of Aznar's deepening of relations with the US, which he blames for having alienated Spain in Europe. Zapatero's partners would be even more opposed to US policy, and thus hem in any natural Socialist tendency to moderate on US relations once in power.

ARGYROS